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UNITED BEHAVIORAL HEALTH

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

DAVID AND NATASHA WIT, et al.,

Plaintiffs,

v.

UNITED BEHAVIORAL HEALTH,

Defendant.

Case No. 3:14-CV-02346-JCS

Action Filed: May 21, 2014

**DECLARATION OF NISHA PATTERSON
IN SUPPORT OF UBH'S MOTION TO
SEAL TRIAL EXHIBIT 525**

Trial Date: October 16, 2017
Judge: Hon. Joseph Spero
Courtroom: G

1 GARY ALEXANDER, et al.,

2 Plaintiffs,

3 v.

4 UNITED BEHAVIORAL HEALTH,

5 Defendant.

Case No. 3:14-CV-05337-JCS

Action Filed: December 4, 2014

1 I, Nisha Patterson, declare and state as follows:

2 1. I am employed by United Behavioral Health (“UBH”), as Vice President of
3 Affordability, and have worked at UBH for 15 years. Prior to acting as Vice President of
4 Affordability for UBH, I was Director of Affordability for UBH. I have personal knowledge of
5 the facts stated herein, and if called as a witness, could and would testify competently thereto.

6 **UBH’s Per-Member Per-Month Rates**

7 2. My work requires me to be familiar with UBH’s finances. This includes a broad
8 variety of data, but UBH’s most sensitive and confidential financial information are the per-
9 member, per-month (“PMPM”) rates UBH charges its customers. These rates are used for many
10 purposes, primarily in negotiating pricing with customers. For this reason, UBH considers this
11 particular information to be highly sensitive. It is UBH’s practice to keep such information
12 confidential and not to disclose it. Few individuals within UBH have access to this information.

13 3. There are many ways to calculate the PMPM rate, which is essentially the ratio of
14 costs (administrative costs, or administrative and insurance, depending on the plan) and the
15 number of Plan members, calculated as a monthly average. For example, if a particular market
16 contains 1,000,000 members, and UBH spent \$100,000 in an average month to provide services,
17 then the PMPM rate would be \$0.10. Similarly, if the penetration rate (i.e. the percentage of
18 members who use a service) is 1% and the monthly cost for services is \$1,000, then the PMPM
19 will be \$10. These are the simplest ways to calculate PMPM rate, however there are others.

20 4. The price that UBH’s customers pay for their health plan is a PMPM rate.
21 Generally these rates are negotiated for a three-year term, so rates that were in effect in 2014 are
22 typically still in effect in 2017, and often form the basis for rate negotiations for the next three-
23 year cycle. PMPM rates are highly competitive, and most customers have a negotiated rate. UBH
24 keeps its negotiated PMPM rates confidential and often requires confidentiality clauses with its
25 customers to keep its rates confidential.

26 5. If the actual PMPM rates that UBH pays in order to provide services are allowed
27 to enter the public domain, then there is a substantial risk that UBH will suffer serious
28 competitive harm. For example, if a competitor of UBH’s were to obtain this information, the

1 competitor could use the information to market to UBH's customers or potential customers by
2 using UBH's rates to undercut UBH. Further, UBH's customers or potential customers could use
3 UBH's rates in negotiations to UBH's disadvantage. For this reason, PMPM rates are kept as
4 some of the most closely guarded and proprietary information throughout the insurance industry.

5 6. Trial Exhibit 525 is a document I prepared which reflects UBH's PMPM rate
6 information from 2015 on page 6. Pages 6–8 and 18–61 have information about the cost UBH
7 paid for services at various levels of care that could be used to calculate UBH's PMPM costs for
8 2014 and 2015. This information is highly sensitive, and it is UBH's practice to keep this
9 information confidential. If this information were to enter the public domain, there is a substantial
10 risk that it would cause UBH serious competitive harm in negotiations with potential customers
11 or network providers. Attached to this declaration as Exhibit 525-R is a redacted copy of Trial
12 Exhibit 525.

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16 Executed this 16th day of October, 2017, at Houston, Texas.

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20 Nisha Patterson